

Clearinghouse Rule 96-068

STATE OF WISCONSIN

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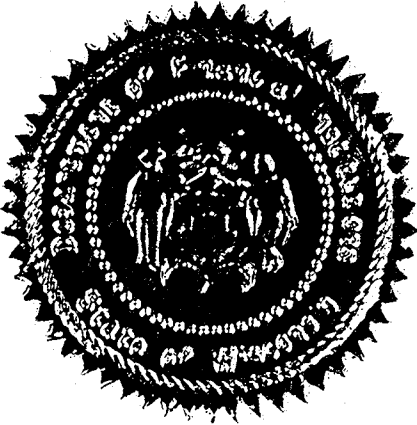
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DEPARTMENT OF FINANCIAL INSTITUTIONS

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I, Michael J. Mach, Banking Administrator for the Department of Financial Institutions, certify that the annexed rules, relating to sales finance companies, were duly approved and adopted by this office.

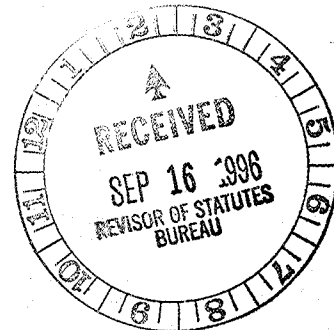
I further certify that this copy has been compared by me with the original on file in this office and that it is a true copy of the original, and of the whole original.



IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the official seal of the Department of Financial Institutions at 101 E. Wilson St. in the city of Madison, this 13th day of September, 1996.

Michael J. Mach

Michael J. Mach
Administrator of Banking



12-1-96
96-068

ORDER OF THE DEPARTMENT OF FINANCIAL INSTITUTIONS

An order to repeal Bkg 80.25 relating to open end credit; maximum periodic rate; and licensed lenders under s. 138.09, Stats.

ANALYSIS PREPARED BY THE OFFICE OF COMMISSIONER OF BANKING

Statutory authority: s. 426.104 (1) (e), Stats.

Statutes interpreted: s. 138.09, Stats.

Under s. 426.104 (1) (e), Stats., the secretary of financial institutions may adopt, amend, and repeal rules to carry out the purposes and policies of chs. 421 to 427. Specifically, s. 422.201 (10m) (s), Stats. states:

For licensees under s. 138.09, Stats., the maximum periodic rate may not exceed the periodic rate permitted under s. 138.09, as determined by the administrator.
(*Emphasis added.*)

Section 138.09 of the Wisconsin Statutes places no limits on interest rates.

Bkg Rule 80.25, which was promulgated pursuant to s. 422.201 (10m) (d) Stats., sets the highest allowable interest rates for lender licensed under s. 138.09, Stats. Bkg 80.25 states:

A licensee under s. 138.09, Stats., may pursuant to s. 422.201 (10m) (d), Stats., charge a monthly periodic rate on the balance of an open-end credit plan subject to finance charge not to exceed the greater of the "standard periodic rate" or the "alternative periodic rate." (*Emphasis added.*)

The definition of the "standard periodic rate" includes a cap of 23% per year. The definition of the "alternative periodic rate" includes a cap of 6% in excess of the interest rate applicable to 2-year U.S. treasury notes.

1995 Wisconsin Act 328 (effective May 17, 1996) eliminates the statutory basis for Bkg. Rule 80.25 by repealing s. 422.201 (10m) (d) Stats., therefore this proposed rule change is needed to clarify the administrative code pertaining to licensees under s. 138.09, Stat.

ORDER OF THE DEPARTMENT OF FINANCIAL INSTITUTIONS

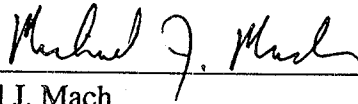
Pursuant to the authority vested in the secretary of financial institutions by s. 426.104 (1) (e), Stats., the secretary of financial institutions hereby repeals rules interpreting s. 138.09, Stats. as follows:

SECTION 1. Bkg. 80.25 of the administrative code is repealed.

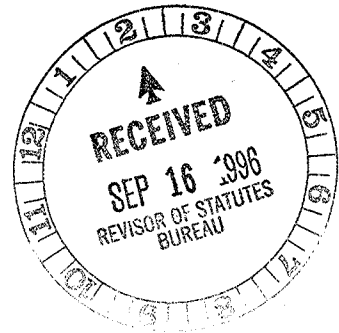
The rules contained in this order shall take effect as provided in s. 227.22 (2) (intro.), Stats.

Department of Financial Institutions

Dated: September 13, 1996



Michael J. Mach
Administrator of Banking





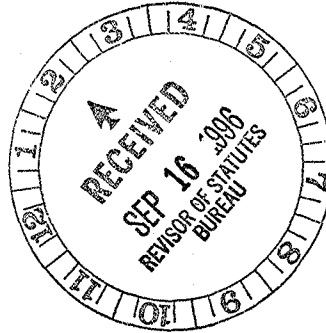
State of Wisconsin
Department of Financial Institutions

Tommy G. Thompson, Governor

Richard L. Dean, Secretary

September 13, 1996

Bruce Munson
Revisor of Statutes
131 W. Wilson St., 9th Floor
Madison, WI 53702



Douglas J. LaFollette
Secretary of State
P.O. 7848
Madison, WI 53702

Gentleman:

Pursuant to s. 227.20(1), Stats., enclosed is a certified copy of an administrative rule adopted by the Department of Financial Institutions. This rule is Clearinghouse Rule 96-068, relating to open-end credit; maximum periodic rates; and licensed lenders under s. 138.09 Stats.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steven C. Little".

Steven C. Little
Director
Licensed Financial Services Section

enc.: